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ABSTRACT

This packet contains economics lesson plans and activities for the high school student. Detailed lesson plans and worksheets address the following concepts: (1) stock market; (2) economics of water; (3) diaper economics; (4) quality; (5) scarcity; (6) steps to success; (7) effective marketing; (8) careers and success; (9) interviewing tips and questions; (10) personal profile; and (11) circular flow of money. Other suggestions are included for expanding the classroom ideas into the community. The lessons describe the materials needed, background information, discussion questions, and additional resources. (EH)

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Lesson Plans and Activity Ideas

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1997-98

SO 028 814

Current Events

Clip news articles from the local newspaper, national news or business magazines, *The Wall Street Journal* and similar sources. Start each class with a brief report on an interesting article that is relevant to the material the class is studying. Look for articles that raise controversial or ethical issues, and challenge the students to try to solve the problems. Ask students to report on economic and business news of the interest to them.

Management Problems

Develop a "Management Problem or Situation of the Week." Bring the class a management problem you or one of your colleagues is experiencing, or personalize a hypothetical problem and ask the class for advice. (*The Wall Street Journal* and many business magazines report on interesting management problems your class can discuss.) Consider dividing the class into "Management Consultant Teams" and have each team suggest a plan. Analyze the plans and agree on a "best" solution.

Career Exploration

Invite a representative of your firm's personnel office to discuss career planning strategies, interviewing skills, etc.

Guest Speakers

You can bring in a speaker from your company or another firm to discuss their area of expertise.

Insurance

Invite a speaker to discuss insurance--home, auto and/or health.

For auto insurance, invite your agent to speak about insurance rates; a car may seem affordable to a teenager until you add insurance costs. For example, a new Corvette may have a monthly payment of $400 and seem within reach; however, the monthly insurance costs for that that Corvette may run over $1000 per month! Other auto insurance questions to consider: Why are male drivers more of a risk than female drivers? Why are drivers a "better risk" after 25?

Mortgage Applications

Visit a bank or mortgage company and ask for a copy of their mortgage application. Work through the application process with your students.

Personal Budgeting

Working through a budget exercise with your class is always interesting and educational. Please call the JA office if you need help with your budget worksheets, plans, exercises, etc.

Lesson Plans and Activities

One the following pages you will find detailed lesson plans and worksheets on these topics:

- Stock Market
- Economics of Water
- Diaper Economics
- Quality
- Scarcity
- Steps to Success
- Effective Marketing
- Careers & Success
- Interviewing Tips/Questions
- Personal Profile
- Circular flow of money

Stock Market

Needed:

Blackboard & Chalk
Prizes for each member of winning team (candy bars work nicely)

On Blackboard, Set Up Accounts:

Merrill Lynch
Bank Account $4000
Shares of Stock

Dain Bosworth
Bank Account $4000
Shares of Stock

Kidder Peabody
Bank Account $4000
Shares of Stock

Dean Witter
Bank Account $4000
Shares of Stock

Paine Webber
Bank Account $4000
Shares of Stock

E.F. Hutton
Bank Account $4000
Shares of Stock

Set the Scene:

"Today we're going to do a stock market activity in which we will divide the class into teams."

"Each team must select one team member to act as their stockbroker. It will be the responsibility of the stockbroker to speak for the team as to whether or not they want to buy, sell or stand paid. Now, select your broker - (give students a minute to decide). Then, quickly assign a brokerage firm to each team in order of their seating arrangements. This firm name should coincide with the order of brokerage firms written on the blackboard.

"Now, let's proceed. A new automobile company has just 'gone public,' that is, it is offering shares to be bought by public investors, like yourselves, at a stated price. In this case $20 per share." (Find a prominent spot on the board to write $20 per share and to change with each price change.)

"This company has just come out with what it believes to be a unique engine design together with a slick sports car body. Anybody have a suggestion for a name for this company?" (If someone does not quickly offer a suggestion, name it after someone in class to heighten their interest, i.e., ' The Michele Car Company.')

"Now then, each team has $4000 in their bank account and, to help keep things simple, we will say that stock can only be bought in blocks of 100 shares. 100 shares at $20 per share will cost $2000, right? 200 shares will cost $4000."

"The purpose of this game is to see which team will end up with the most money, either in its bank account or in shares of stock by their wise investment choices." (Ask someone to be responsible for watching the clock to make sure you stop the activity at least ten minutes before class ends.)

"Each team must now decide whether to buy some stock at $20 per share or to let their money sit in their bank account." (Make necessary changes on their blackboard accounts. You may want to have the teacher keep track of the accounts for you.)

"Each day, I will announce a news event that will affect the price of the stock. After I announce the news, each team must decide whether to buy more stock, to sell or to stay put. Then I will announce the price change."

After each day, change the account balances to reflect their investment decisions. Be prepared for intense competition among teams and lots of enthusiasm as students "advise" their stockbroker to buy or sell!

Day 1: Car is named Motor Trend Car of the Year. Price - $40

Day 2: Apparent brake failure causes death of driver and two small children. Heirs sue estate for $1 billion. Price - $10

Day 3: Autopsy reveals blood alcohol content level extremely high at .273%. Lawsuit is dropped. Price - $30

Day 4: EPA rules that emission controls unit is inadequate. All production must be stopped until problem is rectified. Price - $20

Day 5: EPA decision appealed in federal court. Decision stands. Price - $10

Day 6: Iraqi government announces decision to buy all vehicles at a substantial profit. Price - $40

Day 7: U.S. government blocks sale of vehicles to Iraq. Price - $20

Day 8: Workers vote to go on strike. Price - $10

Day 9: Strike averted. Price - $20

Day 10: Successful solution is found to pollution problem. Price - $40

Day 11: Rumors of a merger with GM are published. Price - $80

Day 12: Merger falls apart. Price - $40

Day 13: General Manager resigns. Price - $20

Day 14: Lee Iococca of Chrysler is announced as new General Manager. Price - $40

Day 15: Lawsuit by Chrysler block takeover by Iococca. Price - $20

Day 16: President & CEO killed in plane crash. Price - $10

Day 17: Profit comes out higher than ever in company's history. Price - $30

Day 18: Two companies are bidding against each other to buy this company. Price - $90

Day 19: An audit of company is done and 300 cars are missing. Price - $10

Day 20: Cars are found and company is sold for $100 per share. Price - $100

Periodically review the standings of the teams and when the time is up, break off the game and announce the winners!

This activity should be tied into further discussion of the effect of news developments on the stock market and the interrelationships among companies, government policy, "acts of God" and other world factors.

Current Economics
(Diaper Lesson Plan)

Economic problems involving the most mundane objects, can grow into major national problems. In this lesson, students will be able to grasp some of the economic and social problems associated with environmental pollution.

YOU WILL NEED: one dark plastic trash bag
one package of new "Pampers" disposable diapers

PROCEDURE:

1. Before class, put Pampers into a dark plastic bag. Bring to class and set on desk at beginning of class period.

2. Tell the class you have brought a sample of a popular consumer product to class with you that you want to discuss with them. Mention that you will show them the product in a moment, but first, you want to give them some background on the product and the industry.

3. Mention the following:

    a. The product first went on the market in 1962 (test marketing began in 1961)

    b. In the last 30 years, the product has grown into a $4 billion industry in the U.S. alone (Foreign markets exist that could eventually exceed U.S. sales.)

    c. 20 billion units of this product are used each year, and they are dumped into existing landfills, accounting for 2% of the nation's trash by weight.

    d. This product, once used, can take up to 500 years to decompose.

    e. Researchers are experimenting with a biodegradable version of this product that decomposes in 2 to 5 years in the laboratory, but not in landfill where there is a lack of air, water, and sunlight to facilitate the degrading process.

    f. The major manufacturers of this product are trying to encourage entrepreneurs to find ways to make it advantageous for consumers to recycle this product.

g. Industry competition for this product is extremely intense. There are only a handful of companies able to compete in the marketplace because of the economies of scale involved. One company controls 49% of the market with two separate product lines. The next competitor controls 30% of the market. The remaining 21% of the market is made up of "small fry."

h. Unit cost for this product ranges from $.13 for the basic version, $.31 each for the more refined versions. Prices have leveled with competition from private label brands.

i. The demand for this product is elastic. There are substitutes for this product, however, consumers have become so conditioned to this product, that elasticity is not affected by price. Only extreme increases in price, or government interference, would change consumer buying patterns.

Identify the Product: Have students see if they can guess what the product is from all the economic indicators (hints) provided so far.

QUESTIONS FOR STUDENT DISCUSSION:

1. What liability should the disposable diaper manufacturers have to the environment?
2. What role should the government play in resolving this issue?

ADDITIONAL DATA:

1. Over 10 billion diapers sold in the United States contain 2.8 million tons of excrement and urine each year.

2. 75-80% of new mothers are introduced to disposable diapers in the hospital. (After knowing this fact, some students may argue that the health profession should have a role in any solution to this problem.)

3. Biodegradable diapers are made up of cornstarch-based plastic, biodegradable elastic, tissue, wood-pulp fluff and rayon. These diapers take 2 to 5 years to decompose in the laboratory.

4. Most cloth diaper services charge about $.11 per diaper. For the consumer, there is the added inconvenience of storage and pickup and delivery. The entrepreneur who develops a profitable system of pickup and delivery will emerge as the "Domino's" of the industry.

5. Finally, the idea for the disposable diaper came from a Proctor & Gamble engineer in 1957, who was also a grandfather, and babysat for his first grandchild. He concluded that there had to be something better than cloth diapers.

Steps to Success

Overview

This activity is designed to make students aware of the need to set goals and develop skills that employers are seeking.

Objectives

Students will be able to:

- Identify the basic skills they will need to develop;
- Identify the steps they need to take as individuals in order to plan for their future;
- Identify activities in which they can participate today in order to prepare for their future.

Preparation

- Prepare enough "Steps to Success" forms for each class member.
- Plan your presentation of your career goals to present to class.

Additional Information available at the Junior Achievement Office or the Public Library

- America's Top 300 Jobs
- *A complete career handbook based on the Occupational Outlook Handbook published by the U.S. Department of Labor*

Presentation

Introduce yourself and set the tone for the class (see "Preparing For Your First Day"). Tell the students about your background, and how you got where you are (using your education and work experience). Tell the students if and/or how you have reached your definition of success. Next, have students brainstorm the term "success" while recording their responses on the black board.

- Students should know that education, work experience, basic skills, and goal setting will all play a role in their future successes.
- Ask the students to list the aspects of a job that would be important to them. Salary, educational requirements, location, advancement, atmosphere, etc. Remind the students that it is important to think about these areas when choosing a job or career.

Draw a stairstep pattern on the board similar to that on the "Steps to Success" form. Discuss with the students the importance of every step. (An example is given at the end of the activity.)

- Students should be aware that each step is a building process and sometimes it is necessary to take a step backward and try again.

Next pass out the "Steps to Success" forms and have students start at the bottom and put where they are now. Then have them think about what they want to be when they grow up. This answer should be placed at the top of the stairs. Then, allow the students 10-15 minutes to fill the stairs with the proper steps needed to reach the top. Finally, ask the students to answer some questions on the back of their "Steps to Success" form.

Questions could range from: What is your personal definition of success? to Who is successful to you and why? to Who are three people who influence you and why? If time allows ask for a couple of volunteers to share the steps they have chosen. If no one wants to volunteer, use yourself as an example.

This is a great way to get to know your class.

STEPS
TO
SUCCESS

Land a job with a marketing firm within 2 months of college graduation.
Graduate from college within 5 years of starting.
Get an internship with a company so I'll be a step ahead of my classmates.
Go to college and study had to get into the business school.
Graduate from high school in the upper 25% of my class.
Learn a foreign language.
Make the honor roll every grading period.
Improve grades Math and English for next grading period by studying 1/2 hour more a night and not waiting until the last minute to complete assignments.

Summary and Review

Summarize the steps to success illustrated by the activity presented. Setting goals early allows students to "stack the deck" with a good solid education. This education can provide them with the skills necessary to find a job that meets all of their needs; salary, location, upward mobility, and a positive atmosphere. It is important for them to think of what companies are looking in possible employees when planning their future.

STEPS
TO
SUCCESS

Getting What You Want Starts With Knowing Who You Are!

Overview

This exercise allows students to identify their interpersonal skills and areas of strength and potential. They begin to explore the diversity with which individuals approach challenges and opportunities in business and daily life.

As you fill out the attached chart, keep in mind that everyone has many different sides. Don't worry if some of your answers seem incompatible with others. Remember, too, that it's natural to want to "belong." Because you want to be like your peers, you may try to deny any interests or abilities that are not shared with your friends. But for this exercise - for your own sake - try to be complete and honest.

Don't get frustrated if you have a hard time completing your chart at this time. It will get easier as you have more work/life experiences. For now, do your best.

Here are some short definitions to help you:

Passions: A passion is something you feel very strongly about, something for which you have boundless enthusiasm. You might be passionate about music, sports, art, computers, clothes, marching bands, politics, pets and animals - you name it. The happiest people are often those who find a way to incorporate their passions into their career. These are the people you'll hear say things like, "I can't believe they pay me to do this."

Values: Your values are those qualities or things that are most important in your life. Some people may value family or security, while others place more importance on adventure or power. You might value beauty, knowledge, social justice, or independence. Your career and life choices should be compatible with your values if they are to bring true satisfaction.

Personality traits and strengths: Are you tactful? Bold? Sociable? Quiet? Thoughtful? Energetic? Funny? Sympathetic? Inquisitive? Reserved? Dramatic? Intelligent? List as many traits as you can.

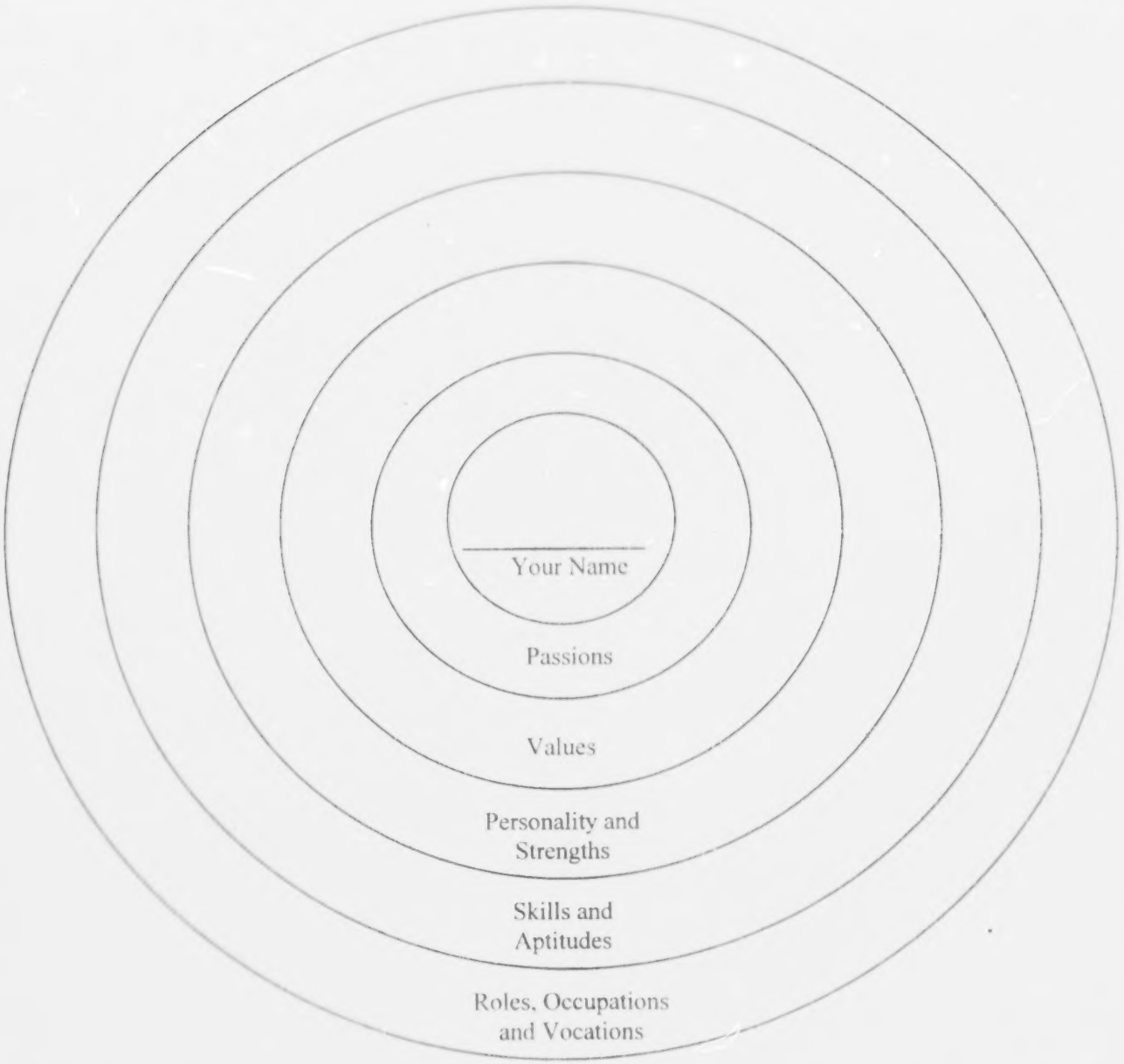
Skills and aptitudes: What skills have you learned? What subjects at school come easily for you? Do you have a special talent for anything in particular? Are you mechanically inclined? Good working with your hands? Solving problems? Working with people?

Roles: Your roles are the different parts you play in your life. Most of these are temporary, though some can go on for many years. Right now, you are probably a son or daughter, a student, a friend. You might also be an employee, a sister or brother, a girlfriend or boyfriend, or so on.

Occupations and vocations: Here we mean both the work you do for pay (occupations) and recreational and volunteer activities (vocations). For example, you might be a grocery clerk, babysitter, trumpet player, cook, dancer, skateboarder, basketball player, sing in the church choir, or teach Sunday school.

Your Personal Profile

Write your name in the center of the chart, then add as many words as you can that describe your own passions, values, strengths, and so forth. As you fill out your chart, keep in mind that everyone has many different sides. Don't worry if some of your answers seem incompatible with others.



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Interviewing

Overview

The students discuss the characteristics employers want in potential employees, especially those characteristics that go beyond basic knowledge and skills to perform the job. The students observe and evaluate interviews, and develop a list of interviewing tips.

Objectives

The students will:

- list basic characteristics employers want in potential employees
- identify the do's and don'ts in an employment interview.

Preparation

Prepare enough copies of the "Tips for Interviewing" for each student.
Prepare enough copies of the "Potential Questions Asked" for each group.

Presentation

Tell the students they will be role-playing interviews. Have a class discussion regarding the interview process. Hand out the "Tips for Interviewing" to your students. Explain how it is handled at your firm, even invite your human resource person in to help the students understand the importance of the interview process. You may even want to show the students a sample interview, (a really good one and/or a really bad one, the choice is yours!) Divide your class into four groups. Two groups will be the interviewer and two groups will be the interviewee. Distribute the sample questions to the two groups of interviewers. Allow the interviewer a minute or two to read over the questions, so the interview flows more smoothly. Once the students have been divided, have an interviewer and an interviewee pair off and go to work. Allow 5-10 minutes for the interview. Once the interview is finished have them switch roles. You may want to switch scenarios for the interviewer, to give the students a sampling of potential questions. You may also want to select a few volunteers to interview in front of the class and have the class critique them. (If you choose to do this, encourage positive feedback/constructive criticism.)

Remind the students that these questions reflect questions that an organization may ask during an interview. They should also listen carefully to what the interviewer is asking and answer accordingly. For example if an interviewer is asking the interviewee to describe themselves in three words, do not answer it in paragraph form! Emphasize that an interview is the most important step in getting a job and that an employer will use the interview to discover what skills and personal characteristics a potential worker brings to the job.

Once all interviews are complete, bring the class back to a whole group and talk about the importance of first impressions and what a good interview can do for an individual.

Tips for Interviewing...

Before the Interview

- Complete the application in your own handwriting.
- Use your best penmanship. Neatness counts!
- Learn about the company in advance.
- Think about how you will fit into the job. List the skills you have to offer the company.
- Be prepared to ask any questions you might have. Write them down in advance and take along the list. Having good questions is a sign of your interest.
- Dress appropriately. Neatness and cleanliness are very important.
- Be sure you are on time for the interview. Go alone.

At the Interview

- Have confidence in yourself. Present yourself well. SMILE!
- Shake hands firmly. Say, "How do you do? I'm..."
- Be pleasant, and try to relax. Avoid nervous habits.
- Don't criticize a former employer.
- Maintain good posture.
- Think before you speak.
- Look at the interviewer when talking.
- Answer questions completely; do not give just "yes" or "no" answers.
- Show enthusiasm and interest in the job and company.
- Ask about career opportunities. If you want to get ahead, ask what should be done to qualify for additional responsibility in the future. Don't discuss salary and benefits first.
- Sell yourself. Don't discuss your weaknesses.
- Shake hands when leaving. Say, "Thank you for your time and consideration. I have enjoyed meeting you."

Potential Questions Asked

Grocery Store Cashier

Welcome to "Buy A Bunch" Grocery Store. Thank you for coming in today. Did you have any problems finding our corporate offices? I have reviewed your job application and have just a few questions that I would like you to answer....

1. Tell me, what you know about "Buy A Bunch" Grocery Store?
2. Tell me, why you would like to work for "Buy A Bunch?"
3. Tell me about your previous work experience.
   How long were you there?
   What did you enjoy most about it?
4. Tell me, what are your favorite subjects in school? Is math one of them?
5. You may be interested to know that we encourage our employees to continue their education. We offer special scheduling arrangements, and we have a scholarship program for our employees. Tell me, what kind of ambitions do you have for the next five years?
6. What three words describe yourself best?

Do you have any questions for me at this time? Thank you for coming in today. We will be in touch.

(cut here)

Potential Questions Asked

Music Store Clerk

Welcome to "Tune Town". I have reviewed your job application for clerk and have just a few questions that I would like you to answer.....

1. Tell me about yourself.
2. What kind of music do you like?
3. I know that you have not worked previously, so tell me what responsibilities you have at home and how you go about accomplishing them.
4. Do you sit for kids or cut lawns for the neighbor that you can tell me about?
5. Are you involved in any extra-curricular activities at school? Tell me about them.
6. Tell me how you would handle this situation:
   Customer: I'm looking for a CD by **(insert group)**
   Clerk: (should be something similar to)
   You would find it in the (blank) section, let me show you.
   Is there anything else I may help you find?
7. Where do you see yourself in five years?
8. What three words describe yourself best?

Do you have any questions for me at this time? Thank you for coming in today. We will be in touch.

Careers and Success
Discussion Stimulator

Ask your students what they want out of a job. Typical answers will include:

Money, fame, and enjoyment. In fact you may feel after listening to them discuss ideas that money is the primary motivating factor.

Taking your students through the following exercise should prove to be interesting for you and them. Be sure you share your feelings with your students about how you feel about what is important to you personally about a job.

A lot of people live very worthwhile lives without making a whole lot of money. Your students may have a distorted view of jobs, professions, and salaries by what they hear from their peers or see dramatized in the media. You have an important story to tell about how hard you had to work to get where you are. Share those experiences with your students.

The following ranking system, distributed to assorted managers and executives across the country by the Public Agency Foundation, may surprise your class.

Before class:

-- Make a photocopy of the blank list on the following page for each of your students.

-- Cut the page in half at the dotted line.

-- Ask students to rank in the order of importance, the things they want to have in a job.

In class:

-- Distribute the 1st list to your students.

-- Ask the students to rank, in the order of importance, the things they want to have in a job. "1" being the most important, to "13" being the least important.

-- Review their responses.

-- Distribute copies of the second list which shows the rankings compiled by the national survey.

It will no doubt surprise most of your students that "high pay" ranks second from the last. Most managers and executives who have taken these kinds of surveys and are asked to assess their employees, usually put job security, high pay, and good benefits among the top five choices. In most employee surveys, these three factors are usually far down on the list. Not that these factors are unimportant, but most people find other aspects of a job more important.

Rank the following in order of importance with "1" being the most important and "13" being least important.

____ Work with people who treat me with respect

____ Interesting work

____ Recognition for good work

____ Chance to develop skills

____ Working for people who listen if you have ideas about how to do things better

____ A chance to think for myself rather than just carry out instructions

____ Seeing the end results of my work

____ Working for efficient managers

____ A job that is not too easy

____ Feeling well informed about what is going on

____ Job security

____ High pay

____ Good benefits

(cut here)

__1__ Work with people who treat me with respect

__2__ Interesting work

__3__ Recognition for good work

__4__ Chance to develop skills

__5__ Working for people who listen if you have ideas about how to do things better

__6__ A chance to think for myself rather than just carry out instructions

__7__ Seeing the end results of my work

__8__ Working for efficient managers

__9__ A job that is not too easy

_10__ Feeling well informed about what is going on

_11__ Job security

_12__ High pay

_13__ Good benefits

Effective Marketing

This activity is a good filler when an activity you had planned does not take the entire class period. It is a good discussion stimulator on the power of a company's slogan or logo. Discuss the costs of creating or changing a logo or slogan. Share your company's logo or slogan and its meaning with the class.

Advertising Slogans and Jingles

1. _____ Run for the border
2. _____ Give us a week, we'll take off the weight
3. _____ Always
4. _____ We build excitement
5. _____ The lowest price, always
6. _____ Your true voice
7. _____ The loneliest man in town
8. _____ Pure chewing satisfaction
9. _____ Get a piece of the rock
10. _____ Fly the friendly skies
11. _____ The heartbeat of America
12. _____ ...are forever
13. _____ How do you spell relief
14. _____ Oxycute 'em
15. _____ Bouncin' and behavin' hair
16. _____ If you don't look good, we don't look good
17. _____ Earth's first soft drink
18. _____ Because you deserve the very best
19. _____ Strong enough for a man, but made for a woman
20. _____ Nature's perfect food
21. _____ Plop plop fizz fizz
22. _____ Generationext
23. _____ We run the tightest ship in the shipping business
24. _____ Just what the doctor ordered
25. _____ Don't leave home without it
26. _____ When you care enough to send the very best
27. _____ You're on vacation
28. _____ For your 2000 parts
29. _____ Made from the best stuff on earth
30. _____ We'll pick you up

Advertising Slogans & Jingles
(Answers)

1. Run for the border (Taco Bell)
2. Give us a week, we'll take off the weight (Slim Fast)
3. Always (Coca-Cola)
4. We build excitement (Pontiac)
5. The lowest price, always (Wal-Mart)
6. Your true voice (AT&T)
7. The loneliest man in town (Maytag)
8. Pure chewing satisfaction (Wrigley's Chewing Gum)
9. Get a piece of the rock (Prudential)
10. Fly the friendly skies (United)
11. The heartbeat of America (Chevrolet)
12. (Diamonds) are forever
13. How do you spell relief (Rolaids)
14. Oxycut'em (Oxy 10)
15. Bouncin' and Behavin' hair (Prell)
16. If you don't look good, we don't look good (Vidal Sassoon)
17. Earth's first soft drink (Perrier)
18. Because you deserve the very best (Preference by L'Oreal)
19. Strong enough for a man, but made for a woman (Secret)
20. Nature's perfect food (Bananas)
21. Plop plop fizz fizz (Alka Seltzer)
22. Generationext (Pepsi)
23. We run the tightest ship in the shipping business (UPS)
24. Just what the Dr. ordered (Dr. Pepper)
25. Don't leave home without it (American Express)
26. When you care enough to send the very best (Hallmark)
27. You're on vacation (American TransAir)
28. For your 2000 parts (Lever 2000)
29. Made from the best stuff on earth (Snapple)
30. We'll pick you up (Enterprise Leasing)

M&M Activity - Quality

Start this activity with a general discussion of what is meant by "quality." Remind students that quality applies to both goods and services. Some characteristics of quality you may want to include: performance, features, appearance, reliability and service.

What famous candy melts in your mouth and not in your hands? That's right, M&M's. M&M's are made by Mars Inc., one of the most successful candy manufacturers in the world. The employees of Mars Inc. are very concerned about the quality of their product.

- Buy several small bags of M&M's. Distribute one to each student.
- Have each student open their bag. Be careful not to mix the M&M's from one bag with those from another. Be careful not to eat any either!
- Count the number of M&M's in each bag. Write down the student's responses on the chalkboard. Did each bag contain the same number of candies? If not, how great was the difference between the largest number of M&M's and the smallest? How important is it for each bag to have exactly the same number of candies?
- Have students sort and count the number of different colored candies in each bag. Make a chart so you can compare the number of each color. Is there a pattern? For example, do some bags have more reds or yellows than others? Do you think Mars is concerned about the mix of colors in the bag? Why or why not?
- Optional: Try to design a process for "reassembling" the bags with the right number of M&M's of each color or allow class to eat their candies now.

Of course, Mars is concerned that their candies taste good, and it wants the M&M's you buy to melt in your mouth, not in your hands. But it also is concerned that each package contains the correct number of candies in the right mix of colors. This type of attention to detail in making candy, CD players, hamburgers, and space shuttles results in quality.

Other questions for class discussion:
To make high-quality products, do businesses need top-quality employees?

What are the characteristics of top-quality employees? What will you need to do to prove that you can be a top-quality employee?

By the end of this activity, students should understand that ensuring product quality requires careful planning and hard work, but it pays off. When customers receive the quality they expect, they will keep coming back for more.

The Economics of Water

The following figures will make a good discussion stimulator for a "current" economic problem.

Ask students these and similar questions to get the conversation started:

- What effects have the recent drought in Texas had/will have on the economy. The consumption patterns of water in this region have certainly changed.

- What about the excessive amounts of rain this past spring 1996 in the midwest?

One of the first noticeable effects (for areas of both drought and excessive rain) is in the area of agriculture. *An observation your students will likely see is that with fewer crops available for market the supply decreases. Demand remains the same, therefore prices will increase.*

- In times of drought how can people be persuaded to be conservative with their use of water?

- For most of this century water has been considered a fairly cheap commodity. What did people do in years past when water was in shorter supply?

  Several family members "took turns" bathing in the same water.

  Use clean water to wash vegetables, wait for the sand and dirt to settle then reuse the water to wash dishes or for other tasks.

Share some of the figures below with your students. They may find some of them incredible.

Direct Personal Use - 8% of the nation's total, or 160 gallons per person per day, is used for personal and home activities:

Average amount of water required	Activity
3 to 5 gallons	Flushing a toilet
3 gallons	Shaving with a blade, leaving the water running
5 gallons per minute	Taking a shower
8 gallons	Cooking (three meals)
8 gallons	Cleaning house
10 gallons	Washing the dishes (three meals)
20 to 30 gallons	Washing clothes
30 to 40 gallons	Taking a bath

Agricultural Use - about 33% of the nation's total, or 600 gallons per person per day, is used in farm and ranch operations:

Average amount of water required	Food produced
40 gallons	One egg
80 gallons	One ear of corn
150 gallons	One loaf of bread
230 gallons	One gallon of whisky
375 gallons	Five pounds of flour
2,500 gallons	One pound of beef

Industrial Use - about 59% percent of the nation's total, or 1,040 gallons per person per day, is consumed in the production of material goods:

Average amount of water required	Product
7 to 25 gallons	One gallon of gasoline
35 gallons	One pound of steel
280 gallons	One Sunday newspaper
300 gallons	One pound of synthetic rubber
1,000 gallons	One pound of aluminum
100,000 gallons	One new car

Note: About 720 gallons per person per day is used as cooling water for electrical power plants.

source: Richard North, The Real Cost, London: Chal to and Windus

Why Is My Money So Wrinkled?

This exercise helps students visualize the circular flow of money, as well as how business, government, and households work together to fan our economy.

What you need:

- One copy of the Money Flow Worksheet for each student.
- Jobs for <u>each</u> student. (You may find having each job written in large letters on a 8 1/2 x 11 piece of paper helpful. This way each student can see what job others have and how they relate to the scenario; and serve as a reminder to students which job he/she was assigned.)

Job assignments -	<u>Government</u>	<u>Business/Household</u>
	Purchasing Agent	Land Owner
	Engineer(s)	Salesperson(s)
	IRS Agent(s)	Attorney
	Legal Counsel	President
	Unemployment	Machinist(s) - need at least 2
	FAA	Controller
	Police Officer(s)	Insurance Agent
		Vendor
		Loan Officer

- 8 1/2 x 14 paper for government plane (the machinists will 'make' a paper airplane)
- 8 1/2 x 11 paper for landowner plane " "
- JA Dollar Bills - enough for each transaction (an original for copying is enclosed)

A good way to introduce this activity is by asking the students if they have any money in their pockets. Ask them to show it to you, tell them you are looking for a specific "type" of bill. (You may be surprised by the amount of money some of these children carry around!) When you find one that is especially wrinkled, pull a nice crisp, unfolded bill out of your pocket and compare the two. Ask the class why/how our money is so wrinkled. (Be sure to return the "borrowed, wrinkled bill" to the student.) Tell the class they are going to do an activity that will illustrate 'how our money gets so wrinkled.' Read the scenario to the class, allowing the "players" to perform their role.

The students will role play the following activities, based on the scenario:

1. Household receives wages for government labor.
2. Household pays taxes.
3. Business sells product to government.
4. Households receive wages for business labor.
5. Business pays taxes.
6. Business sells product to household.
7. Government provides subsidies to households.
8. Government provides services to households.
9. Government provides subsidies to business.
10. Government provides services to business.

Scenario

As each item in the scenario is role-played, the class should follow the flow of money by using the Money Flow Worksheet. Draw an arrow from the entity spending money to the entity receiving the money. For each arrow drawn, write the reason for the money exchange beside the arrow. For example, money may change hands because of salaries, taxes, payments, etc.)

1. Government wants to buy a plane. Purchasing agent hires engineers to write specs: pays one bill to each engineer. *(Enter government labor & household wages / salaries.)*

2. IRS takes 1/3 of each bill. *(Enter household pays taxes to government.)*

3. Government shops for manufacturer to build plane. Salesperson makes call on government; then salesperson checks with legal (involve both the government and business attorneys) and gets contract signed by president of company. Government agrees to pay 5 bills to business: Government gives 2 bills as part of payment for plane. *(Enter goods / services and payments for goods / services.)*

4. Business needs labor, resources etc. for hire. Personnel hires machinists. *(Enter labor and wages.)* Each household (machinist) earns 2 bills. IRS takes 1/3 of each bill for income taxes.

5. Controller buys supplies from outside vendor. Pays 3 bills. IRS takes 1/3 of one bill.

6. Government takes delivery of plane. Pays remaining 3 bills to salesman.

7. IRS takes 1/3 of one bill, based on net income.

8. Business wants to sell another plane; so, the salesperson goes to government to see if they will buy another plane. Purchasing agent says no, government can't afford one.

Business goes to land owner to buy a small plane. Land owner agrees to pay 2 bills for the plane. Land owner gives one bill as down payment to business. Business lays off machinist(s) due to only small plane being purchased. *(Enter household buys goods / service and pays a payment.)*

9. Laid off machinist goes to unemployment for assistance. Government pays 1 bill to machinist. *(Enter government subsidies to household.)*

10. Land owner takes delivery of plane and pays the remaining bill to the business.

11. Land owner must get a license from the FAA. Pays 1 bill. *(Enter household purchase of service from government.)*

12. Business has materials for next plane stolen. Insurance agent informs business that insurance coverage has lapsed. Police investigate. *(Enter government service to business.)*

13. Business applies for government loan to buy materials to build next plane. Government loans 3 bills. *(Enter government subsidies to business.)*

100
Junior Achievement Dollars
100
Junior Achievement
Junior Achievement
100
100

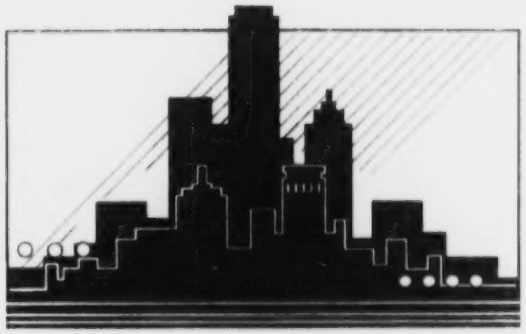
Contract

President

Legal

23

Money Flow Worksheet



Business

Government

Households

Isle of Deserta

"Stranded" on a desert island, the students come face to face with scarcity. They discover why scarcity forces people in all societies to make basic economic choices: What goods and services to produce? How to produce these things? Who will receive them? The students also recognize the three common ways to organize an economy: tradition, command, and market.

Preparation

Review *Choices on the Isle of Deserta* and *Economics Systems* worksheets. (See enclosed master sheets.) Have enough copies made for each student in your class to have one.

Be ready to discuss how scarcity leads to the three basic choices of what and how to produce and who will receive it. Also be prepared to explain how countries use tradition, command, and market economies to make these three basic decisions. Think of an interesting example from your business that illustrates scarcity and choice.

Introduction

Remind the class of the three basic kinds of resources: natural resources, capital resources, and human resources. Have the students think of a TV as a capital resource. Ask them if they have ever wanted to watch a program at home when another family member wanted to watch something else.

Point out that such a situation illustrates the scarcity of resources. Write the definition of scarcity on the chalkboard: *Scarcity - the inability to satisfy all of everyone's wants.*

- Since one TV can't satisfy everyone's wants at the same time, someone must decide which program to watch. The TV is a scarce resource.

- Ask the students if time and money are scarce. They are of course. They don't have enough time to do everything they want or enough money to buy everything they want. The scarcity of time and money forces them to make choices about how to use them.

- Describe an example of scarcity and choice from your business.

Emphasize that when time, money, and resources are scarce, people have to decide how to use them. To illustrate this, tell the students you want them to take an imaginary trip.

Activity-Choices for Survival

Ask the students to imagine that they are the lucky winners of an all-expenses-paid trip to The Isle of Deserta in the South Pacific. In your finest dramatic style, walk the students through the process of packing, going to the airport, boarding a seaplane, and making the trip to Deserta.

When you arrive, you discover why the island has such a strange name. There are no hotels, restaurants, stores, or people on Deserta. As you wave good-bye to the seaplane, the pilot shouts, "See you in a few weeks."

Divide the class into groups of five to seven students and hand out the *Choices on The Isle of Deserta* worksheet. Ask each group to select a reporter and answer the questions on the worksheet.

Discussion

After 10 minutes, ask the reporters to list separately on the chalkboard what goods and services they want to produce. (See question 3 on worksheet.) Compare the lists and suggest needed additions.

Next, determine how each group plans to assign workers to particular jobs. (See question 4 on worksheet.)

^ Does a leader make job assignments or do individuals have the freedom to decide which job to do?

^ Are people doing jobs because of their skills, or are jobs assigned another way?

Finally, discuss how each group decides who should receive the goods and services produced. (See question 5 on worksheet.)

^ How do you distribute the food, shelter, and other items you produce among everyone who wants them?

Explain how each groups decisions are similar to those in any economy:

What goods and services should be produced?
How should they be produced?
Who should receive the goods and services?

Ask the students to read the Economic Systems worksheet. Each example in the article illustrates a different approach to answering these basic economic questions: *tradition, command,* and *market.*

Tradition-people making economic decisions according to custom. Change is slow.
Command-The government usually owns or controls resources and makes most economic decisions.

Market-Most resources belong to private individuals, who make their own economic decisions with the guidance of market prices.

Ask the students to write "A," "B," or "C," in the blanks on their worksheets to show which country illustrates a traditional, command, or market economy.

Worksheet answers:
Tradition- Country B
Command-Country A
Market-Country C

Highlight some skills and attitudes most important for success in a market economy. What skills and attitudes have you found most valuable in your career? What does your company expect?

Summary and Review

Conclude by asking each group if it organized a traditional, command, or market economy on Deserta.

Ask what type of system exists in the United States.

Students should recognize that we have primarily a market system. The United States is really a *mixed* system. Point out examples of traditional, command, and market decisions in the United States. For example, traditional decisions can occur when hiring people. Command decisions occur in government rules and regulations. And market decisions occur when buying goods and services and when competing in the labor market.

Briefly summarize the main points of the lesson:

- Resources are scarce in every country.
- In every economy, scarcity forces people to decide *what* goods and services to produce, *how* to produce them, and *who* will receive them.
- The three basic ways to organize an economy are tradition, command, and market.

Choices on The Isle of Deserta

Facts about The Isle of Deserta

- Broad sandy beaches ring the island, but dense jungle covers hills in its center.
- The jungle is rich in wild fruits and vegetables, but finding and picking them is dangerous and difficult.
- A fresh water spring feeds a stream flowing into the harbor.
- Palm trees in the jungle provide materials for making baskets, hats, huts, etc. Fibers from the trees make good ropes and fishing nets.
- The ocean is rich in fish, but beware of the sharks.
- You have only one book of matches.
- Violent thunderstorms pound the island almost every evening at this time of year.
- During the day, the sun is usually bright and hot.
- You weren't planning a camping trip. You have only beach clothes and no food supplies.

Answer the questions below.

1. **Resources:** What resources do you have? (Don't forget human resources, such as knowledge, imagination, skills, etc.)

2. **Scarcity:** Are your resources scarce? Why or why not?

3. **What to produce:** What goods and services do you want to produce?

4. **How to produce:** What methods do you use to produce the goods and services you want? How do you assign jobs?

5. **Who receives what you produce:** How do you distribute the goods and services you produce among everyone who wants them?

Economic Systems

Resources are scarce, so people everywhere have to make three basic economic decisions. They have to decide what to produce with their resources and how to produce these things. And they have to decide who will receive what is produced.

People don't always make these decisions in the same way. In a *traditional* economy, people make economic decisions according to custom. Change is slow. In a *command* economy, the government usually owns or controls resources and makes most economic decisions. In a *market* economy, most resources belong to private individuals, who make their own economic decisions with the guidance of market prices.

Three economies are described below. Decide if each is a traditional, command, or market economy. Which economic system would you like to live in? Why?

Country A
The government of this country owns most of the land and factories. Here, government planners choose the amounts of goods and services to produce. They decide if farms will be big or small, what fertilizers to use, and what crops to plant. They provide the resources needed to run farms. They also decide which machinery and production methods factories should use. Young people think about the jobs they might like. But the government determines the number of people in a particular job, and its decisions are based on what it decides to produce.

Country B
Most people in this country live in villages, and they farm small plots of land. They produce most of their own food and clothing. Young people hardly ever think about possible careers. Instead, young men take on the work of their fathers and young women learn the work of their mothers. If their ancestors could return they would see familiar crops, clothing, and production methods. Today's economy is little different from that of long ago.

Country C
Private individuals own most resources in this country. They form private businesses and try to produce the kinds and qualities of goods and services people will buy. They pick the production methods that are likely to keep costs and prices down. This way they can sell more and earn more money. By selling the use of their labor and other resources, people earn money to buy the goods and services produced. Young people can pick any career they like; however, their ability to get a job and earn a good wage depends on their skills.

Country A _____ Country B _____ Country C _____